

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX COUNTY COUNCIL

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2017 issued on 22 September 2017 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of Essex County Council and group as at 31 March 2017 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Issue of audit opinion on the pension fund financial statements

In our audit report for the year ended 31 March 2017 issued on 22 September 2017 we reported that, in our opinion the pension fund financial statements:

- gave a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and the amount and disposition of the fund's assets and liabilities as at 31 March 2017; and
- had been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Issue of qualified value for money conclusion

In our audit report for the year ended 31 March 2017 issued on 22 September 2017 we reported a qualified value for money conclusion in the following terms:

Basis for except for conclusion

Medium Term Financial Planning:

- The Authority have disclosed in the 'Revenue Spending plan for 2017/18' section of their Narrative Report the estimated total savings still to find over the medium term period as at 31 March 2017.
- The Authority, in line with previous years, is undertaking a review of budget proposals (savings and income generating opportunities) to bridge the gap. At this stage, the gap is £88m (£26 million in 2018/19, increasing to £62 million by 2019/20).
- Unless the budget gap forecast in the Medium Term Financial Strategy is closed, the Authority will have spent substantially all of its usable revenue reserves by the end of 2019/20.

In our view, despite the commencement of a significant reorganisation project to identify the required savings, the Authority has not yet been able to make sufficient progress in identifying the savings required to demonstrate its ability to secure a stable financial position over the medium term in order to support the sustainable delivery of strategic priorities.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, with the exception of the matter reported in the basis for except for conclusion paragraph above, we are satisfied that, in all significant respects, Essex County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

In our report dated 22 September 2017, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work.

Also, we had not issued our opinion on the consistency of the financial statements of the pension fund included in the Pension Fund Annual Report of Essex Pension Fund. We have now issued our opinion.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and value for money conclusion.

We certify that we have completed the audit of the accounts of Essex County Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



Janet Dawson (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
London
18 October 2017

The maintenance and integrity of the Essex County Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.